



MN REO and WI RPS

ICC Stakeholder Meeting

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Regulatory Relations

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MN Renewable Energy Objective (REO) Background

- Legislation passed in 2001
- Extensive comment process initiated by the MN Public Utilities Commission (MPUC) in June 2003. ~ 40 organizations involved.
- MN Public Utilities Commission (MPUC) issued final order in October, 2004.

Percentages

- Starting in 2005, at least 1% of the utility's total electric retail sales is to be generated by eligible energy technologies.
- Escalates 1% per year until 10% by 2015
- At least .5% of the pool of energy generated by eligible technologies should come from biomass by 2005. At least 1% by 2010.
- "Good-Faith Effort"
 - No specific, prescriptive standards for compliance
 - Commission will evaluate compliance by reviewing utilities' biennial filings
 - No explicit fines identified for non-compliance

Entities Subject to the Statute

- Public Utilities
- G&T Cooperative Electric Associations
- Municipal Power Agencies

Eligible Technologies

- Wind
- Solar
- Hydro (less than 60 MW capacity)
- Hydrogen
- Biomass

Out-of State Facilities

- Hotly debated issue
- Several Environmental org's argued that out-of-state resources should not count.
- MPUC ruled that they should count based on the following:
 - The Legislature authorized interstate trading of renewable energy credits.
 - Utilities plan their resources on a system-wide basis.
 - Refusing to recognize out-of-state renewable resources could increase the cost of meeting the REO.
 - Regional environmental advances are beneficial to Minnesotans because Minnesota's ecosystem is inextricably connected to ecosystems of neighboring states.

Treatment of Pre-existing Generation

- Hotly debated issue.
- Environmental org's argued that pre-existing sources (built prior to 2005) should only count toward the 1% goal for 2005. After 2005, utilities to add new generation equaling 1% of total retail sales during each calendar year until 2015.
- MPUC ruled that pre-existing sources should count:
 - 10% goal is the ultimate target, both industry-wide and for individual utilities
 - The intermediate 1% goals are benchmarks to gauge compliance. Renewable investments are “lumpy” in nature.
- Commission decision currently being appealed by environmental org's.

Treatment of Energy Generated for Green Pricing Programs

- Hotly debated issue.
- MPUC initially ruled that utilities could count green pricing generation toward the REO if:
 - they gave participating customers notice of this decision and
 - permitted customers to withdraw from the program.
- After Reconsideration, the MPUC reversed its decision

Weighted Scale

- The REO statute directed the MPUC to consider the attributes of various technologies and fuels in establishing a scale to grant multiple credits to technologies that are in the public interest to encourage.
- The MN Dept. of Commerce was the only party in favor of a weighted scale.
- The MPUC ruled that all renewables should count equally:
 - Granting extra credit to specific fuels or technologies would reduce the amount of renewables utilities would need to meet the REO
 - Distortion of market signals and price structures
 - Renewable diversity would be reduced. R&D efforts would be skewed
 - High cost, low benefit approach

Multi-State Tracking and Trading System

- The MPUC opened a new docket to investigate establishing a multi-state tracking and trading program for tradable renewable credits.
- MN, WI, IA, ND and SD are involved in this proceeding.

Current Wisconsin RPS

- 1999 Act that became effective Jan. 1, 2001
- Each electric provider shall provide to its retail electric customers total renewable energy in at least the following percentages of its total retail electric sales, either directly or through renewable resource credits from another electric provider:
 - By 12/31/01, .5%
 - By 12/31/03, .85%
 - By 12/31/05, 1.2%
 - By 12/31/07, 1.55%
 - By 12/31/09, 1.9%
 - By 12/31/11, 2.2%

Eligible Resources

- Fuel cell that uses a renewable fuel
- Tidal or wave action
- Solar
- Wind
- Geothermal
- Biomass
- Hydro (<60MW)

Out-of-state resources can count

Report of the Governor's Task Force on Energy Efficiency & Renewables

- Task Force comprised of representatives from Wisconsin's energy and manufacturing industries, the environmental community, and legislators.
- October 2004 report
- Task Force unanimously agreed to several changes to the current RPS.

Recommendation Specifics

- The Task Force recommends that a new RPS be enacted in legislation.
- Statewide RPS of 10% of total retail electric sales from renewables by 2015
 - Current renewable sales statewide are at 4%.
 - All electric providers required to increase their own renewable sales by a total of 6% (from their 2004 level) by 2015.
 - Includes a 2% increase by 2010 and an additional 4% increase by 2015.

Specifics (cont.)

- Out-of-state sources can count
- All qualifying sources that are owned by or under contract to a WI utility (except for hydro > 60 MW) should be counted regardless of age or type, as long as the electricity replaces fossil-based electricity used to serve WI load.
- Utilities can seek implementation delays due to:
 - Undesirable impacts on reliability
 - Undesirable economic impacts
 - Permit or siting delays
 - Transmission constraints
- Green pricing energy can count
- Utilities to report their progress annually to the PSCW.

Questions ??